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EXECUTIVE SECRETARIAT

Routing Slip

TO:

		ACTION	INFO	DATE	INITIAL
1	DCI		✓	2 MAR 1982	<i>[Signature]</i>
2	DDCI				
3	EXDIR				
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5	DDI		✓		
6	DDA				
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14	D/Pers				
15	D/OEA				
16	C/PAD/OEA				
17	SA/IA		✓		
18	AO/DCI				
19	C/IPD/OIS				
20	<i>NIC/USIR</i>	✓			
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SUSPENSE _____
Date _____

Remarks:

Executive Secretary

2/25/82

Date

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NSC review completed.

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20500**CONFIDENTIAL WITH
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February 25, 1982

MEMORANDUM FOR:**Ms. Nancy Bearg Dyke**
Assistant to the Vice President
for National Security Affairs**Mr. William Schneider**
Associate Director for National Security
and International Affairs
Office of Management and Budget**Mr. L. Paul Bremer III**
Executive Secretary
Department of State**Executive Secretary**
Central Intelligence Agency**Mr. David Pickford**
Executive Secretary
Department of the Treasury**Ms. Jacqueline Tillman**
Executive Assistant to the United States
Representative to the United Nations**Lieutenant Colonel Robert P. Meehan**
Assistant for Interagency Matters
Office of the Secretary of Defense**Mr. Dennis Whitfield**
Executive Assistant to the United States
Trade Representative**Mr. F. Henry Babicht**
Special Assistant to the
Attorney General**Colonel Charles F. Stebbins**
Executive Assistant to the
Chairman, Joint Chiefs of Staff,**Ms. Jean Jones**
Director, Executive Secretariat
Department of Commerce**SUBJECT: High-Level Mission to Europe on Polish/Soviet Sanctions (C)**

Attached is a background paper for tomorrow's NSC meeting on subject topic. The meeting is scheduled for 1:00 p.m. in the Cabinet Room. (C)

*Michael O. Wheeler***Michael O. Wheeler**
Staff Secretary**Attachment****CONFIDENTIAL WITH
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Review February 25, 1983

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SECRET

SECRET**Terms of Reference for High-Level USG Mission to Europe
on Soviet Sanctions****Rationale for Mission**

-- An historic opportunity exists to substantially weaken the Soviet Union by taking advantage of its economic and financial situation through reducing the flow of resources from West to East.

-- Our allies must be given new incentives to participate in a useful program before the USG is forced to take further unilateral measures with possible negative impact on the alliance.

-- Measures to curtail Soviet access to hard currency are essential for the Administration's program for closing the gap between U.S. and Soviet military investments and for creating conditions conducive to greater security and genuine arms control. U.S. public sentiment in support of additional sanctions is quite strong and may be manifested by private sanctions.

Assumptions

-- The Siberian pipeline can perhaps be delayed beyond normal construction delays and made more costly to complete, but it cannot be stopped at this point by unilateral U.S. actions, without incurring intolerable diplomatic costs. By working with the Dutch and Norwegians and through an alternative energy program, we can lessen the growth of European energy dependence on the Soviet Union.

-- It is in our long-term interest and that of our allies to get them to reduce or cut off new official credits and guarantees to the USSR and to restrain the flow of financial resources to the USSR.

Objectives

-- To begin negotiations to get the allies to cut off or severely limit and make more expensive medium- and long-term official and officially-guaranteed credits to the Soviet Union.

-- To reduce Soviet exports of non-essentials to the West.

-- To limit European dependence on Soviet energy.

-- /To make clear that we define their offers not to undercut our sanctions to include subsidiaries and licensees of our companies in Europe./

SECRET

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Classified by Norman A. Bailey

SECRET**2****Means**

-- By proposing an agreement that additional medium- or long-term official or officially-guaranteed credits to the Soviet Union will be restricted and the cost increased, as well as considering measures to counteract the impact on the financial markets were there to be a partial or bloc-wide default, to be negotiated at a conference in Washington.

-- By convincing our allies to participate with us in a program of raising tariffs, and/or imposing quotas on non-essential Soviet exports, or by other means, to restrict allied imports of these items.

-- By stressing the importance of a package of European energy alternatives.

-- By obtaining European agreement not to interfere with the retroactive and extraterritorial extension of U.S. export controls to cover equipment manufactured by foreign subsidiaries of U.S. companies and by foreign licensees of U.S. companies operating under technology transferred prior to December 30, 1981.

Make-up and Timing of Mission

The mission will be led by Under Secretary of State James Buckley and will include Under Secretary of Defense Fred Ikle, Under Secretary of Commerce Lionel Olmer, Assistant Secretary of the Treasury Marc Leland, Director of Policy Planning of the National Security Council staff Norman Bailey and a limited number of aides.

At this time, it is proposed that the mission leave in approximately a week to ten days after terms of reference have been approved by the NSC and visit Rome, Bonn, Paris and London, in that order. The Embassy in Tokyo will be kept fully informed and the Japanese government asked to participate fully in all measures agreed upon.

Definition of Success

Success of the mission is defined as follows:

-- Agreement on a Washington conference on credit limitation and default consultation to meet before the end of March.

-- Agreement not to interfere with extension of our export controls over foreign subsidiaries and licensees of U.S. companies.

-- Agreement by allies to raise their tariffs or establish quota restrictions on Soviet non-essential exports.

NOTE: The State Department recommends that the bracketed ties under Objectives, Means and Definition of Success be deleted.